TOWARD PROSPERITY

Developing an Economic Growth Strategy for Nova Scotia— A Discussion Paper

Economic Development

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This document is available on the Internet at
http://www.gov.ns.ca/ecor/strategy/

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SUMMARY

Toward Prosperity is a discussion paper intended to guide development of an economic growth strategy for the people of Nova Scotia. It is presented by Nova Scotia Economic Development as a starting point on a journey toward economic prosperity for all regions of the province as it faces unparalleled opportunities for growth in the new economy.

This paper offers a vision of a province in which

> *Nova Scotians are able to achieve their full potential in self-sufficient communities that support enterprise through a high-quality work force, a competitive business climate, and the networks that provide world-class opportunities.*

It attempts an assessment of the province's strengths, so we may better leverage them, and its challenges, so we may better tackle them. Based on this assessment, the paper proposes six broadly based principles as guides toward an effective economic growth strategy:

- focus on improving the quality of all jobs
- encourage the enterprising spirit
- foster innovation, uniqueness, and quality design
- promote competitive advantages
- provide equality of opportunity
- support sustainable development

Nova Scotia Economic Development contends that partnerships are critical to the province's economic growth — partnerships with communities, the private sector, and governments, among others. Developing these alliances underpins the strategic directions proposed:

- supporting innovation and its commercialization
- improving the climate for business
- ensuring development of an appropriate labour market
- developing export and marketing opportunities
- encouraging investment, both local and foreign
- renewing the province's infrastructure

Nova Scotia Economic Development acknowledges the province's need for an economic growth strategy. The vision, principles, critical success factors, and strategic directions advanced in this discussion paper will guide roundtable sessions to be held across the province. This document is also on the Internet and members of the public can offer feedback. Based on the input received, the department intends to immediately formulate a strategy to provide direction on where to focus our attention in the years ahead, so that all Nova Scotians may benefit from the prosperity at hand.

TOWARD PROSPERITY

INTRODUCTION

That the main characters of *Goin' Down the Road* should be from Nova Scotia seemed appropriate when the seminal film was released in 1970. Is it appropriate 30 years later?

For decades, Nova Scotia's sons and daughters left in search of career opportunities in richer provinces to our west. Some returned, many did not. Should this still be so in 2000?

The government of Nova Scotia believes the time has come to cast off the image of Nova Scotia as a "have not" province. We know we have begun. We know something is happening in the Nova Scotia economy. We know that parts of Nova Scotia are developing well-earned reputations as happening places for people and business — places boasting a top-notch quality of life, a stable and educated work force, and a strong telecommunications infrastructure. We know of successful people who have chosen to return home, or of people who have decided to settle here for the first time, because of those and other factors.

We are increasingly optimistic, our attitude more upbeat. We see ourselves differently, and now we must make that perception our reality. It is time to take action — to begin, if you will, our own journey toward a sustained economic prosperity.

The timing is right. Rarely, if ever, in our history have so many events come together to provide us with so many options and so many opportunities: an emerging oil and gas sector, an exploding information economy, a global marketplace, a reinvigorated resource industry, a booming tourism sector. How do we make the most of it, today and for generations to come? How do we move ahead?

Any journey, by definition, must start somewhere, and its success is often determined by the road map in hand. Nova Scotia Economic Development offers this discussion paper, *Toward Prosperity*, as a starting point. It proposes a vision and six principles to guide us. It identifies as critical success factors the partnerships between and among communities, the private sector, and governments, and it advances strategic directions in the areas of innovation, business climate, labour market, export development and marketing, investment development, and infrastructure.

The vision, principles, success factors, and strategic directions articulated in this paper, and questions raised throughout, are to guide roundtable sessions to be held across the province. These sessions will involve business, labour, community, educational, and political leaders. Some will focus on specific sectors, while others still will bring together representatives of converging industries.

This document is also available on the Internet at *www.gov.ns.ca/ecor/strategy/*, and members of the public can offer feedback through this website.

The result will be an economic growth strategy for all Nova Scotia, a map with which we can together set out on the road to prosperity. Although Nova Scotia Economic Development begins this process, the strategy will serve to impose greater cohesiveness on all provincial government decisions affecting economic development.

It will serve as well to provide a blueprint for sustainable development and to create the revenue to enable government to provide high-quality health, education, and social programs. In doing so, we must ensure that as many Nova Scotians as possible benefit, including those who have been disadvantaged.

Our journey toward sustained, balanced prosperity need not be long, but it is one that requires our focus, our commitment, and our energy if ever we are to see them *comin' up the road.*

VISION

Nova Scotians are able to achieve their full potential in self-sufficient communities that support enterprise through a high-quality work force, a competitive business climate, and the networks that provide world-class opportunities.

Our destination is deceptively simple: It is to arrive at a vibrant, confident Nova Scotia in which all of its citizens are able to achieve their full potential.

Our vision is of a province of self-sufficient communities, from Neils Harbour to Shag Harbour, from Hastings to Halifax — coastal, rural, and urban communities able to control their own economic destinies because they know best their own needs, strengths, and aspirations.

It is a province of people ready to take their place in the new economy because their education and their training answer the labour needs of this fast-changing world.

It is a place of economic opportunities bolstered by government's support and encouragement of a strong entrepreneurial culture and a competitive business climate.

It is a place that makes the most of its networks — the physical connections of ports, highways, and digital networks necessary for commerce, and the indefinable human connections that compel us to say, time and again, *This* is where we want to raise our children.

It is, after all, a destination arrived at with full regard for our caring quality of life and our entrusted stewardship of the environment; a place ever respectful of the history that defines us and the natural beauty that enriches us.

Is this a vision shared by the majority of Nova Scotians?

CONTEXT

Where have we come from, to bring us to this place in our province's economic history?

We've come from the days when economic activity by government meant large-scale, direct, and unsustainable involvement. Many Nova Scotians are now suffering the harsh consequences of such thinking. Those days are gone. No longer will government presume to know how to create long-term employment opportunities better than those who actually provide them — entrepreneurs and private-sector firms.

And where are we now?

We stand at an unusual crossroads. In one direction Nova Scotians face the task of bringing public-sector spending under control; in the other, we are poised to benefit from a promising economic future generated by the possibilities of a growing offshore oil and gas industry and ever-expanding information technology with implications for all industries. But to describe this place as a crossroads is not to suggest an either/or proposition. These roads can be merged, and travelled as one.

As government grapples with its limited resources, it must also re-examine the role it plays in economic growth, particularly against such factors as globalization, the emerging requirements of the knowledge economy, and new ways of creating wealth. The need for an economic growth strategy has rarely been greater, or more clearly identified.

In its agenda, the government of Nova Scotia promised to convene public economic roundtables with Cabinet, business, labour, municipal governments, and community and educational

leaders to "identify priority issues and develop co-operative strategies to achieve sustained economic growth." The round-tables are to focus on infrastructure development, community partnerships, training, and marketing.

In *Taking Control of Our Future*, the Fiscal Management Task Force of Voluntary Planning recommended that government "develop a new economic strategy for Nova Scotia that takes into account the social implications of economic policy."

In *The Course Ahead*, a document detailing its new vision and direction, government identifies one of its four corporate goals as "creating a strategic environment for business." It commits to releasing an economic strategy framework that will provide direction on where to focus our attention in the years ahead.

Even as government's role changes, creating the conditions for economic opportunities and growth clearly remains a provincial priority. Government understands that it is through economic growth that Nova Scotians are able to build their families' futures, fulfil their career aspirations, and strengthen their communities. Government knows that it is through economic growth and the corresponding growth in tax revenues that it is able to secure the public funds necessary to build a strong health, education, and social environment for Nova Scotians. And it recognizes that it is this type of environment that will in turn retain successful employers and skilled workers — and attract others to Nova Scotia so that our combined investments in time, energy, dollars, and ideas will further strengthen this province.

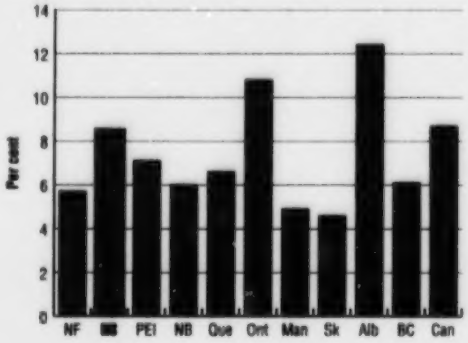
Leveraging our strengths

No successful journey begins without a thorough stocktaking, and so it is that a viable economic strategy must arise from a realistic assessment of current conditions in Nova Scotia. This assessment necessarily requires us to identify strengths, so we may better leverage them, and recognize challenges, so we may better tackle them.

Nova Scotia brings many assets to the economic table, among them:

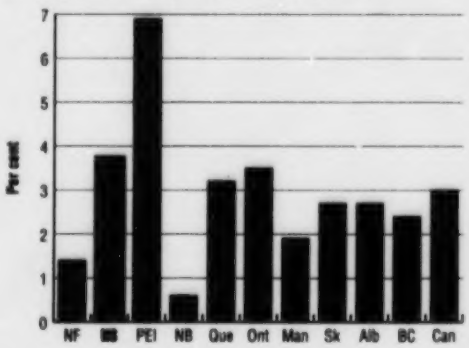
- A stable, largely well-educated work force. Nova Scotia ranks among the top performers in terms of employment growth in recent years, as Figures 1 and 2 show. As well, 54 per cent of those in the Nova Scotia labour force have a post-secondary degree, diploma, or certificate, compared with the national average of 51 per cent, as illustrated in Figure 3.

FIGURE 1
Employment Growth 1995–99



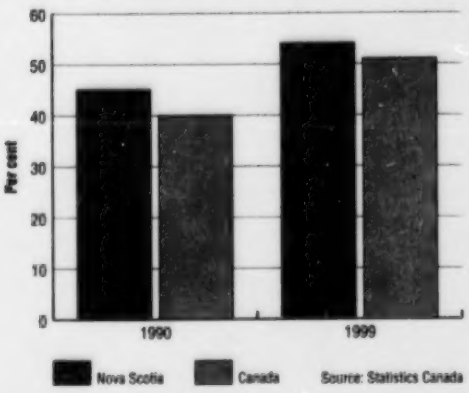
Source: Statistics Canada

FIGURE 2
Employment Growth Feb. 1999–Feb. 2000



Source: Statistics Canada

FIGURE 3
An Educated Work Force
Per cent of Labour Force with Post-Secondary Degree, Diploma, or Certificate



- A strong infrastructure of information technology and institutions of research and higher education. Investment by industry in advanced technology is essential for improved levels of innovation and productivity. In this area, Nova Scotia has moved from a laggard to a leader in Canada, as Figure 4 shows. Annual investment increased 16 per cent between 1992 and 1998, the largest increase in Canada. Nova Scotia's research and development investment is well below the average for Ontario and Quebec, but is the highest in Atlantic Canada and on a par with the western provinces, as Figure 5 shows.

FIGURE 4
Investment in Technology 1992–98

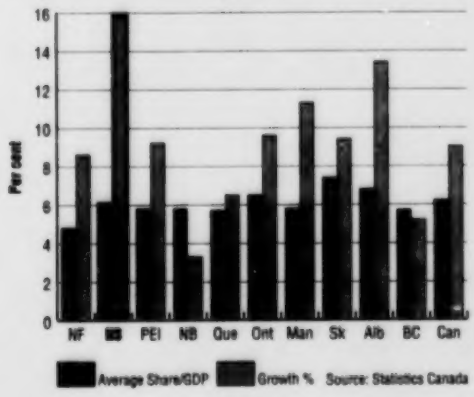
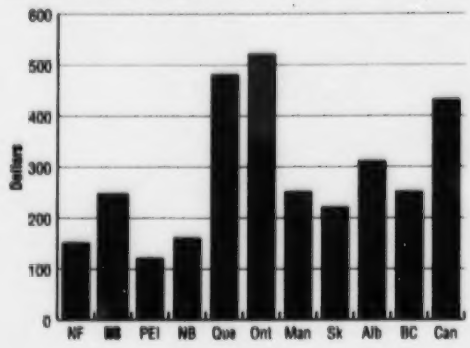


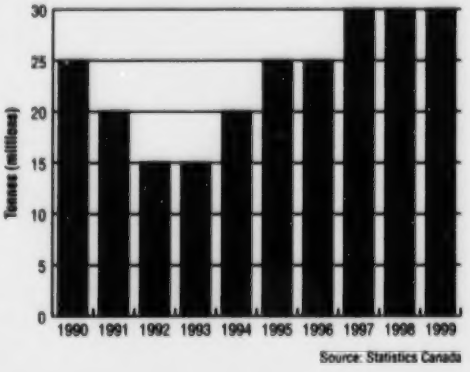
FIGURE 5
R&D Expenditures per Capita 1996



Source: Statistics Canada, GERD

- An emerging offshore oil and gas sector. Building a new industry is a rare development, and even more so when that industry offers opportunities for growth to other sectors as a result of the availability of this new energy source.

FIGURE 6
Container Traffic—Port of Halifax



Source: Statistics Canada

- A prime geographic location on the Great Circle shipping routes, and a major deep-water, ice-free port. Growth in container traffic through the Port of Halifax, as illustrated in Figure 6, is just one indicator of the potential Nova Scotia has for developing world-class ports. Other opportunities include the ports of Sydney and Strait of Canso.

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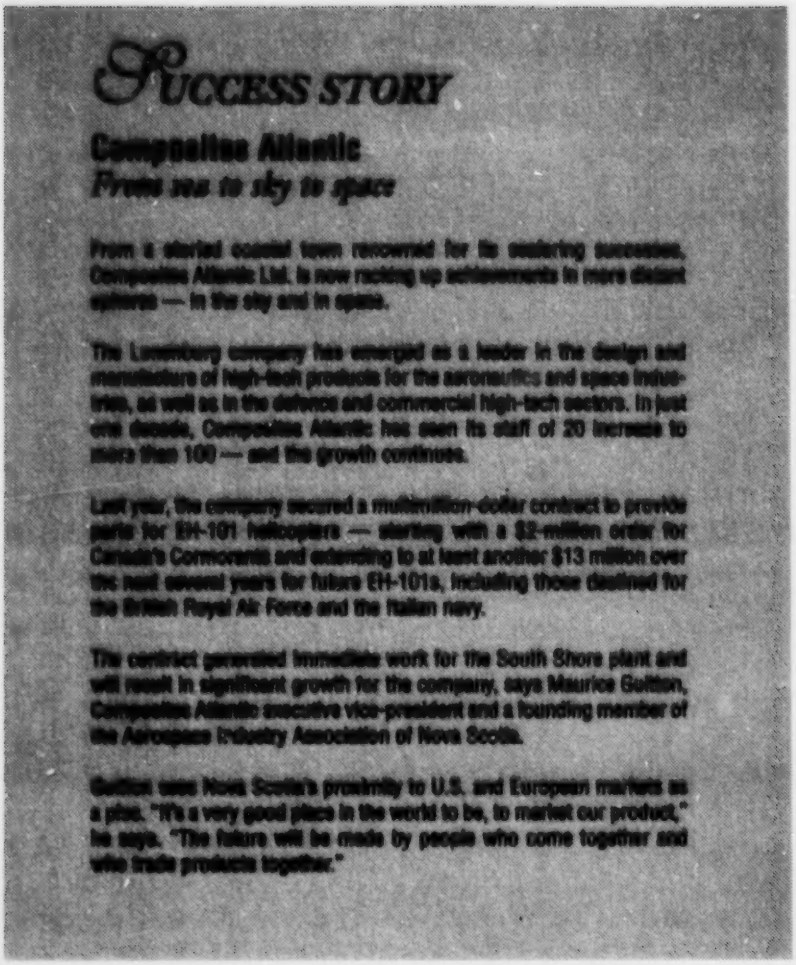

SUCCESS STORY

Composites Atlantic

From sea to sky to space

From a storied coastal town renowned for its seafaring successes, Composites Atlantic Ltd. is now racking up achievements in more distant spheres — in the sky and in space.

The Lunenburg company has emerged as a leader in the design and manufacture of high-tech products for the aeronautics and space industries, as well as in the defence and commercial high-tech sectors. In just one decade, Composites Atlantic has seen its staff of 20 increase to more than 100 — and the growth continues.

Last year, the company secured a multimillion-dollar contract to provide parts for EH-101 helicopters — starting with a $2-million order for Canada's Cormorants and extending to at least another $13 million over the next several years for future EH-101s, including those destined for the British Royal Air Force and the Italian navy.

The contract generated immediate work for the South Shore plant and will result in significant growth for the company, says Maurice Guitton, Composites Atlantic executive vice-president and a founding member of the Aerospace Industry Association of Nova Scotia.

Guitton sees Nova Scotia's proximity to U.S. and European markets as a plus. "It's a very good place in the world to be, to market our product," he says. "The future will be made by people who come together and who trade products together."

- Vibrant tourism and cultural sectors. The numbers speak for themselves: tourism revenues hit the billion-dollar mark in 1998 and haven't looked back. Last year, revenues were $1.256 billion. On the cultural side, the sector is the fastest-growing creator of jobs in Nova Scotia; between 1990 and 1996, the number of people employed in the cultural sector increased by 19.8 per cent. In fact, Nova Scotia's cultural sector is the fastest growing in Canada in terms of jobs.

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- A quality of life that ranks among the best in Canada. *NovaKnowledge's Report Card 1999* notes that Nova Scotia's quality-of-life measures are easily at or above the Canadian average: crime rates are lower than the national average, cost of living is among the best in Canada, tests scores of high school students are at the Canadian average, as are health care indicators.
- A natural beauty and a largely unspoiled environment.

How do we quickly build the critical mass needed to make new sectors competitive and sustainable in Nova Scotia?

The last two strengths on the list are worth noting as rapid communications and technological advances make location a business consideration that is more open to quality-of-life issues. This can translate into a rural home office cutting investment deals with New York as easily as an office in a downtown tower. Or a dot-com business in a South Shore village carrying out

Success Story

Parrsboro Metal Fabricators
Turning up the heat on gas

Parrsboro Metal Fabricators Ltd. could have viewed offshore natural gas as a threat to its oil-furnace business. Instead, it saw an opportunity.

Several years ago, the company looked ahead to the arrival of natural gas in Nova Scotia and launched an expansion of its plant and its product line to include a natural gas product. A cast-iron boiler product line meant that the company could offer complete furnace packages for both oil and natural gas, says general manager Derek Flynn. It's also allowed the 30-year-old company to penetrate new markets across North America.

The new line is built at the company's plant at the Parrsboro Industrial Mall, where about 150 employees are involved in design, manufacture, and marketing. Products include warm-air furnaces, hot-water boilers, wood-fired furnaces, and oil storage tanks.

"Traditionally, we've concentrated our sales in Atlantic Canada and New England," says Flynn. "Now, we distribute our products right across Canada and the United States — north to Baffin Island and Whitehorse, west to British Columbia and the Pacific coast of the United States, and south to West Virginia."

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e-commerce with European customers as readily as a company in a Toronto skyscraper. The caveat is ensuring the critical mass needed to make these new industries sustainable in Nova Scotia.

Technology is also finding its way into traditional industries, increasing productivity in our lumber mills and fish-processing plants and opening the door to increased value-added exports — exports that readily find their way to global markets from airports and ports on key trade routes.

Technology is also allowing for more vibrant, dynamic links with our universities and research institutes. These facilities represent a strong asset, especially in life sciences, ocean sciences, and information technologies. The challenge is to commercialize much more of the research than is currently done.

As technology enables us, so too can the emerging offshore oil and gas sector. Beyond the direct economic impact of pipeline construction and other jobs related to bringing natural gas to shore, potential exists for a new petrochemical industry and, as discussed earlier, a reliable source of energy to support industrial development across Nova Scotia.

Tackling the challenges

The opportunities do not come without challenges, however. Technology and globalization have made the world our competition. As technology becomes increasingly pervasive in our lives, every worker must become a knowledge worker if he or she is to succeed. And we must compete with jurisdictions in the United States and Europe, for starters, to attract new investment. Our goods and services must compete against those of countries in which labour and raw materials are available at a fraction of our costs.

At home, classical measures of progress — such as productivity and the standard of living, as measured by income per capita or per family — suggest we're falling behind. These declines are symptomatic of structural problems in our economy that must be addressed.

How do the two economies of the province affect government's activities and partners in economic development? If government's traditional responses have not worked, what opportunities are there to do things differently?

Is there still a need for government to function as a lending agency? If so, under what conditions?

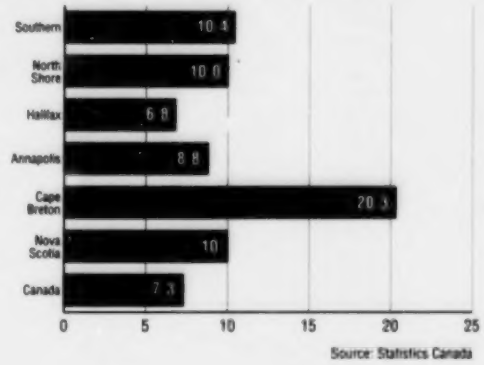
How do we enable small and medium-sized enterprises to invest in research and development and training?

The structural problems include the fact that, compared with other provinces, our businesses are on average smaller and less able to make capital investments in the newest technologies. This investment in technology is the main source of productivity improvement. We need to grow our companies, and we need to encourage more investment across all industries.

Against this bigger picture, Nova Scotians face many singular challenges, including:

- The fiscal reality of a $765-million deficit and an accumulated debt surpassing the $11-billion mark. The steady growth of the debt and the corresponding interest payments must be reversed.

FIGURE 7
Unemployment Rate Regions—February 2000

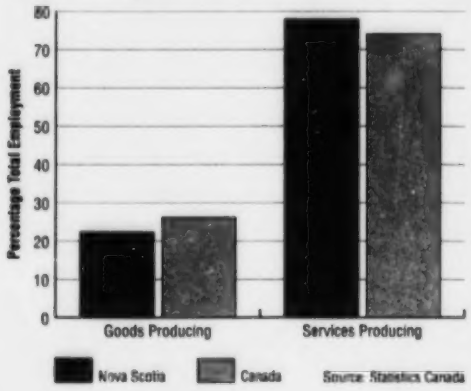


Source: Statistics Canada

- Two economies — one comprising pockets of relative prosperity such as the Halifax area, Port Hawkesbury, and parts of the Annapolis Valley, and a largely struggling one in many rural communities and Cape Breton Regional Municipality. A regional breakdown of Nova Scotia's unemployment, Figure 7, shows a 13.5 percentage-point difference between Halifax and Cape Breton.
- The need to transform the traditional industrial economy of Cape Breton.
- The need to ensure that as the service sector expands the right kinds of jobs — well-paid, technology-based jobs — are being created. As Figure 8 indicates, almost 80 per

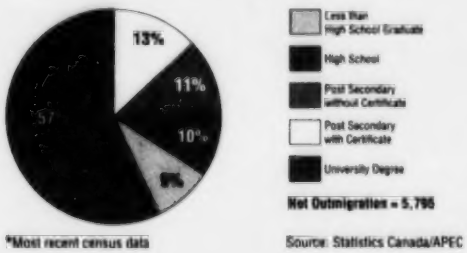
cent of Nova Scotia's work force are already employed in producing services, above the national average.

FIGURE 8
Employment by Sector 1999



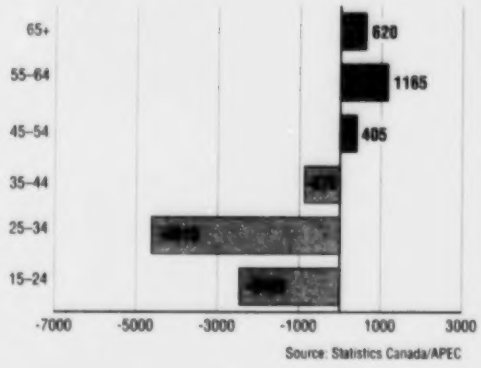
- The paradox of having both a high number of post-secondary graduates and an unacceptably high number of functionally illiterate people unable to find jobs in the new economy.
- Continued "brain drain" to other parts of Canada. Fifty-seven per cent of Nova Scotians who left between 1991 and 1996 had university degrees, as Figure 9 shows. And of those who left Atlantic Canada, by far the greatest percentage group were in the 25–34 age group, Figure 10.

FIGURE 9
Brain Drain
Net Nova Scotia Outmigration to the Rest of Canada
by Level of Educational Attainment 1991–96*



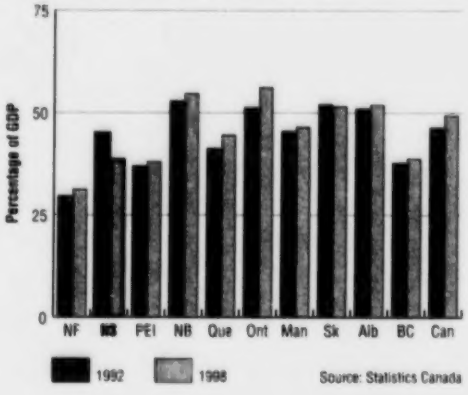
- A low level and diversity of export sales. In both goods and services, Nova Scotia lags behind the national average in exports as a percentage of GDP, Figure 11.

FIGURE 10
Net Atlantic Outmigration to the Rest of Canada by Age Range 1991–96



- A highway system in need of upgrading.
- Difficulties faced by new enterprises in securing "patient" capital.

FIGURE 11
Exports as a Percentage of GDP



These challenges must be addressed, and the strengths built upon, as the province moves toward developing a focused strategy for economic growth for all Nova Scotians. Along the way, there are many issues to consider and concerns to address.

PRINCIPLES

Nova Scotia is a small province, and by extension a small economy. As such, changes in economic conditions can have a disproportionately large impact: the loss of 100 jobs in Halifax, for example, is more acutely felt than the loss of 100 jobs in Toronto. The task of developing the right approach to the economy becomes even more critical for the Nova Scotia government.

Nova Scotia Economic Development proposes the following six broadly based principles as guides toward an effective economic growth strategy for the province:

1. **Focus on improving the quality of all jobs,** ensuring that workers are appropriately skilled and educated, so that the resulting higher pay will improve their lives and enrich their communities.
2. **Encourage the enterprising spirit** of the private sector and, in particular, of entrepreneurs and small businesses as the most effective creators of jobs.
3. **Foster innovation, uniqueness, and quality design** in all sectors, including government, as a means of improving efficiency, productivity, and our competitive position in the global marketplace.
4. **Promote our competitive advantages** to attract active players in the global economy to be "anchor" companies surrounded by clusters of related companies.
5. **Provide equality of opportunity** to all Nova Scotians, and particularly to our young workers so they may choose to build careers in this province.
6. **Support sustainable development** in building our communities, managing our natural resources, and safeguarding our environment for long-term benefit.

These principles underpin the decisions government will make as it moves ahead in creating opportunities. They are intertwined and interdependent and have a built-in flexibility to respond quickly to our rapidly changing world. Nova Scotia Economic Development believes they are also realistic given the province's strengths and challenges outlined in the previous section.

Do these principles best reflect our vision? Are they adequate in helping us focus on our strengths and challenges?

CRITICAL SUCCESS FACTORS

Journeys travelled alone may be unduly difficult journeys, and Nova Scotia Economic Development would find the slogging tough were it to go it alone. Partnerships are critical to the province's economic growth, and developing them must underpin any strategic direction taken.

Community partnerships

Nova Scotia has a long and respected tradition of community self-help through the co-operative movement and the work of Antigonish's Coady International Institute in developing nations. At home, community development entered a new phase for Nova Scotians in 1994 when regional development authorities were created to provide a framework and structure through which communities could co-operate and maximize their development resources and abilities.

An economic strategy for the province must build on the goals, the aspirations, and the achievements of these regional agencies and other community groups if province-wide prosperity is to be achieved. An economic strategy should respect not just the rightness of community self-determination but the economic wisdom and efficiency of community participation.

This respect extends to Nova Scotia's diverse communities — our aboriginal communities, our black communities, our immigrant communities, among others — as they continue to participate and contribute to the economic and social development of the province.

Partnering with communities must start from the strengths established within and build on them. For instance, the majority

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of manufacturing takes place in rural Nova Scotia where infrastructure is critical to business competitiveness. As such, an important part of government's role is to make wise, carefully planned infrastructure investments that build on regional potential and advantages and help companies grow.

Success Story

Cape Chignecto
Collaboration in Cumberland

It took a community's vision and co-operative hard work. The result was Nova Scotia's largest provincial park, Cape Chignecto.

Near Advocate, on the Parrsboro shore, Cape Chignecto is also among the world's largest wilderness parks at 4200 hectares (10,400 acres), and boasts 45 kilometres of rugged hiking trails. It opened in the summer of 1998 after eight years of effort by a group of citizens determined to improve the economic future of their community.

"We were facing an unemployment rate of 50 per cent," explains Ruth Allen of the Cape Chignecto Management Committee. "The backbone of our economy — the resource-based industries like fishing and forestry — was in serious decline. Our young people were leaving. We knew we had to do something."

The management committee was struck after studies confirmed the viability of a wilderness park in Cumberland County. The group consisted of area residents, politicians, representatives of interest groups such as the Nova Scotia Wildlife Federation, staff from the province's Department of Natural Resources, and the Cumberland Regional Development Authority. It was the regional development authority that eventually entered into a land use agreement with the province and applied for federal and provincial funding to develop the park and train staff to run it.

Reviews of the park from avid hikers have been glowing. There have been dramatic increases in tourism traffic, and surrounding campgrounds, inns, restaurants and stores have all benefited. New businesses are opening.

But after more than a decade of hard work, there's still much to be done. The park will be developed further, and the management committee — which earned the Nova Scotia Community Economic Development Award for Excellence in Co-operation in 1998 — will handle it all: from development to marketing, to managing the park's daily operations.

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Partnering with communities also means the provincial government's help in identifying economic opportunities and in creating the necessary tools — such as community capital pools — to improve a community's capacity and strengthen its social fabric.

Private-sector partnerships

Government must also identify areas for joint approaches with the private sector and tap into those opportunities. Many provinces and states have moved successfully into partnerships with the private sector in furthering economic growth, including our own initiatives in tourism development. The challenge now is for government to build on these types of partnerships to generate even more economic successes.

In addition, Nova Scotia Economic Development proposes working with business in support of innovation, to build a more competitive business climate and to develop brand recognition. It also advocates making better use of business's insight and management of sector development through initiatives such as "exchanges" whereby private-sector executives are invited to work with government on strategies to support important sectors.

The goal of such partnerships is to focus on those functions that government best performs — for example, facilitating when many players are at the table — and allow the private sector the space and flexibility to perform in its areas of expertise.

Interdepartmental and intergovernmental partnerships

Several provincial government departments currently promote economic development, and implementation of a new, focused strategy will require their continued participation and corporate co-ordination. Nova Scotia Economic Development will play a lead role on many issues, but other departments will naturally lead in areas of their expertise and responsibility.

At the federal level, the department proposes partnerships in expanding trade, increasing procurement and industrial benefits participation, and re-engaging the federal government in its constitutional obligations.

At the regional level, the department strongly supports Intergovernmental Affairs and the Premier's Office in pushing forward discussions of Atlantic economic development alliances and co-operative initiatives, taking full advantage of speaking with a strong, united voice.

At the municipal level, the department vigourously supports the new department of Service Nova Scotia and Municipal

Success Story

Nova Scotia Boat Builders Association

New partners for an old industry

Nova Scotia's venerable boatbuilding industry is steering straight into the lucrative power and sailboat markets in the United States and around the world.

The Nova Scotia Boat Builders Association and the provincial government have formed a partnership to encourage export growth in the industry. The boatyards supply the expertise, and Nova Scotia Economic Development provides a $1.5-million revolving loan fund.

A boatbuilder can apply for a loan through the fund to construct a prototype and earn enough money through its sale to produce more vessels for export. The repaid principal and interest are then available for other boatbuilders to use. The association will help government back winners when considering which boatbuilders will receive loans.

"This industry-driven and government-supported initiative will not only diversify the rural Nova Scotia economy but will also lead it forward," says Les MacIntyre, co-chair of the boatbuilders' association and president of Superport Marine Services in Port Hawkesbury. "Having embraced technology, training, and quality, Nova Scotia boatbuilders are now a part of the new economy."

The industry currently records annual sales of $50 million. It employs more than 1,500 people directly and indirectly at rural boatyards. Studies indicate that the industry could easily double in size in five years if it continues to focus efforts on export markets.

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Relations, the Union of Nova Scotia Municipalities, and individual units in efforts to reduce unnecessary red tape in responding to economic development opportunities.

Partnerships for Cape Breton

Expanded partnerships must also come into play if we are to meet the challenge of transforming the traditional industrial economy of Cape Breton and particularly that of Cape Breton Regional Municipality.

Government's response to the circumstances facing the people of Cape Breton necessarily cuts across many lines of responsibilities in the areas of policy, regulations, and program services, especially education, health, and social services. With its federal and municipal partners, the province must work to redefine the role of government in the Cape Breton economy. A history of handouts and bailouts has not worked, and communities will no longer accept these approaches.

The role of governments "leading" economic growth initiatives is inappropriate and not invited. The community wants to lead, as it has ably demonstrated in many cases. Government's role must be redirected toward one of helping to build capacity in leadership, confidence, and expertise.

Through an extensive consultation process, individuals, communities, and business leaders have contemplated how to transform the economic circumstances in Cape Breton Regional Municipality. They have advanced ideas and suggestions that need to be supported.

There is much to applaud in the Cape Breton economy. The Strait Area is doing well. The rural economy has found its stride. Resource industries will no doubt continue to have a presence, and there are promising opportunities in the Silicon Island development, in the efforts of the University College of Cape Breton to support grants in the information and communications technology sector, and in the community's efforts to create venture capital through groups like BCA Investment Co-operative Ltd. of Sydney.

How best can these partnerships be developed and nurtured for maximum benefit for all parties? Are there other opportunities not identified?

Government can play an important role co-ordinating and linking the work in Cape Breton, and it can help with strategic policy initiatives that will make the Cape Breton Regional Municipality economy an attractive place to invest. And when invited by the community, government is prepared to invest with others in regenerating the economic base for jobs and better incomes.

Are there opportunities for partnerships with specially represented groups, such as those for black businesses, women entrepreneurs, and aboriginal enterprises?

SUCCESS STORY

Global Information Networking Institute
GINI ideas take flight

A major information technology centre with the catchy acronym GINI is preparing to let loose some innovative research and business ideas.

The Global Information Networking Institute opened last fall in a state-of-the-art building at Halifax's Dalhousie University campus. Occupying the entire third floor of the new $15-million Faculty of Computer Science Building, the institute is set up as a sophisticated centre of information technology research and a launching pad for new IT businesses.

GINI, pronounced genie, is well positioned to marry the strengths of university and industry researchers. Heavy hitters such as an IBM vice-president and a senior NASA official are on its board of directors, and the building is home to 700 students in Dalhousie's computer sciences programs, including its unique electronic commerce master's program.

Research at the institute will focus on strategic IT areas, including telemedicine, e-commerce, and software engineering. Open-concept laboratories in the building are designed to encourage interaction between researchers. GINI will also act as a business incubator to help emerging IT companies grow in a supportive environment before moving out on their own.

"The opening of this building means that we can move forward with our goals of educating more information technology experts in this province and helping Nova Scotia participate in the new global information economy," says Jacob Slonim, dean of computer science.

Dalhousie received $7.2 million from the provincial and federal governments' Information Economy Initiative to construct the building and outfit it with cutting-edge technology. The initiative is funded through the Canada/Nova Scotia COOPERATION Agreement on Economic Diversification, which also provided the project with another $3.12 million.

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STRATEGIC DIRECTIONS

The government faces a dizzying array of possibilities as it prepares to move ahead with an economic growth strategy. Which one it eventually chooses will depend on a thorough examination of the current options, with input from leaders in business, labour, industry, and communities and those with educational and political perspectives. Several strategic directions, supported by the partnerships outlined above, are proposed for discussion.

Innovation

New ideas and research in themselves are no measure of economic growth. Bringing these new ideas and research to market is. The commercialization of new products and processes improves productivity and, in turn, our standard of living.

What vehicles are available for the public sector to encourage and support industry innovation, including support for the adoption of new technology?

Nova Scotia's growing participation in the knowledge-based economy requires a commitment to innovation and its commercialization if rapidly expanding information technology is to increase capacity in new areas — in e-commerce, in new media, in life sciences, in the ocean and environmental industries, among others.

Quick adoption of new technologies has also been recognized globally as a key driver of innovation. A small economy such as Nova Scotia's stands to gain as much in productivity growth through the timely purchase and efficient diffusion of technology as it would in direct R & D spending.

What is the most useful, cost-effective way for government to support sectoral innovation and development?

Innovation must also be sought in the oil and gas industry and in tourism and culture, and that innovation must be encouraged if these sectors are to continue growing and enabling other industries.

How can the private sector participate properly in building either existing or potential industry clusters? And who speaks for emerging sectors?

New ideas and new ways of doing things are critical to our traditional industries as well — to our fishery and our forestry, for example — as they seek every advantage to compete in world markets.

Innovation is constantly evolving and requires strong links between business, universities, labour, and communities, as well as government. Options include the development of centres of excellence in research, quality standards, strategic procurement, and support for new technology adoption.

SUCCESS STORY

Silicon Island

Cape Breton's radical shift

The wall of TV screens in the foyer of the old Sydney courthouse displays more than just digital art. It's also signalling the beginning of a radical shift in Cape Breton's economy from resource based to knowledge based.

The old courthouse became known as Silicon Island after the building was renovated and equipped with state-of-the-art technology in 1996 to house up-and-coming information technology companies. Its goal is to grow Cape Breton's IT sector by clustering digital technology and multimedia companies under one roof.

[illegible] College, Clabeaks Design Inc., and other like-minded companies were among the first to set up shop at Silicon Island. Of the 20 tenants currently in the building, three have doubled in size over the past year, and space is at a premium.

"Critical mass is important to growing this sector," says Dorcas Shaw, vice-president of Silicon Island. "We're now looking at developing Silicon Island II to allow our current tenants to grow and to make room for new ones."

Even as it fosters connections in cyberspace, Silicon Island also works to establish links in the community. The centre hosts cultural events such as the launch of Cape Breton Music Online and welcomes 500 schoolchildren each month on guided tours of the facility.

Business climate

Business has proven itself to be the best creator of jobs; certainly government no longer has the resources or the will to play this role. Instead, it must now work toward making the province more business friendly and entrepreneurially minded, so that the private sector may create the economic wealth and opportunities that benefit the citizens of Nova Scotia.

Can the province be strategic and effective in this area when responsibility falls across numerous departments and levels of government?

First and foremost, if you ask business leaders how the government of Nova Scotia can specifically improve the business climate, invariably most will respond by pointing to the need for government to eliminate the deficit.

In addition, achieving this competitive business climate means simplifying the regulatory environment without jeopardizing the safety of workers. It requires examination of business taxation

How can we improve the business climate, i.e., regulations and taxes, without reducing the public services and standards that support our quality of life, which in turn attracts and retains industry and skilled people?

Success Story

InNOVAcorp

Early guidance, sustained growth

Success for InNOVAcorp, like parenthood, comes when its advice isn't all that necessary any more.

The corporation's business incubation facilities have been launching pads for many Nova Scotia entrepreneurs over the years. Emerging companies have been guided through their critical first years with business and marketing advice as well as administrative support. Once established, the companies move out into the world, making room for the next generation.

"In a traditional business environment, only 25 per cent of companies survive their first five years. With incubation, 85 per cent of companies survive that same period," says Ross McCurdy, CEO of InNOVAcorp. "By sharing resources, knowledge, and experience, our business incubators enable Nova Scotia entrepreneurs to conduct research, develop products and services for export around the world, and create viable, self-reliant businesses."

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levels and the overall tax structure, balanced against the need to pay for social obligations. However, it does not have to be a choice between "business" and "the people" in the allocation of resources. As taxation and regulation are critical aspects of a business climate, so too is quality of life. Business locates where the quality of life is high.

The goal of improving the climate for business calls for a government-wide commitment because the issues span all departments. Nova Scotia Economic Development proposes taking on a leadership role in identifying impediments to economic growth and advocating changes that will lead to improvements. This will involve working closely with the departments of Finance, Labour and others. It will involve the Minister of Economic Development being an advocate for business at the cabinet table. And it will mean annual roundtables with business leaders and the preparation of an annual report to Cabinet on the business climate.

Labour market

All Nova Scotians must be increasingly able to participate in the use of new technologies in the workplace. This means that we must provide our citizens with the right skills for the jobs of the future and that we must work more effectively with businesses and training institutions in identifying those skills. We must also ensure that those who have a skills gap as a result of low literacy levels are given a fighting chance.

We need as well to become more effective in matching trained workers with job opportunities in small and medium-sized enterprises. In some cases, the problem is not so much a shortage of jobs or trained workers as a failure to match the newly trained with the immediate needs of those enterprises for experienced people. Small and medium-sized businesses may not have the time, money, or human resources to bring workers "up to speed," thereby creating a hiring gap that must be addressed. Creative programs that provide for more co-op education opportunities and internships are required.

How can we solve the universal "conundrum" of the skilled labour supply and the specific needs of small and medium-sized enterprises?

Nova Scotia Economic Development is committed to working with universities, the Nova Scotia Community College, and with employers to develop our most valuable resource — our people. The department seeks to improve co-ordination of the work in labour market development between provincial and federal departments, educational institutions, the business community, labour, and groups that represent disadvantaged persons. It proposes quick action to clarify the role of the Labour Market Development Secretariat to better develop a high-quality work force.

Will an economic growth strategy focused on knowledge-based jobs address the financial and social futures of those workers for whom training for new "information careers" is difficult, and perhaps impossible? How do we help those workers attached to old or shrinking industries?

SUCCESS STORY

DynaGen Systems
Operating outside the lines

Never mind colouring outside the lines. Paul Wareham barely sees the lines.

For the young founder of DynaGen Systems Inc. of Sydney, the lines are the geographic boundaries set by history and politics. Those lines may hold others back, but not Wareham. He set about building a technology-based company in his native Cape Breton, even as the banks and potential customers questioned the wisdom of his doing so. Then he built a solid customer base located mostly outside in the United States.

Now, he has his eye on the other side of the world: China and India. For months now, he's been working on developing the personal relationships that are a prerequisite for doing business in those countries.

As Wareham explains it, the company is already geographically removed from most of its customers. A little extra distance isn't going to put him off, not from two markets with great potential.

DynaGen develops and sells microprocessors that automatically monitor engine operation. The high-performance controllers can be used to start generator engines or keep them operating when the normal source is interrupted. Demand for the products is continually rising.

"We're a team of 18 Cape Bretoners with unique products to sell," says Wareham, 28. "We've changed the negative perception of locating in Cape Breton with our products and services, and with our growing reputation."

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Export development and marketing

How do we become and remain competitive in complex and fast-changing world markets?

Does government have a role to play in assisting private-sector firms to export? If so, what is that role?

It's a big world out there, and pity the government or business that forgets that. The global challenge is not to compete with the widget maker around the corner; the challenge is to compete — and succeed — against widget makers around the world.

Nova Scotia currently has the second-lowest level of exports of all provinces. And those exports fit on a narrow commodity shelf: fish products, tires, and pulp and paper account for 58 per cent of our exports. Natural gas will boost export numbers significantly, but Nova Scotia must diversify if it is to take full advantage of the global marketplace. To view the world from a half-full glass is to see considerable opportunity for growth in export activity.

Our companies must export if Nova Scotia's economy is to grow. Jobs will be created if companies expand their reach beyond the province's borders. Marketing and education are sometimes needed to convince small and medium-sized businesses that exporting is an important option. Aggressive target marketing is needed to ensure that Nova Scotia's business case becomes part of the expansion strategy of more foreign investors.

Focusing on increasing exports will require more preparation of companies to market their products and services overseas. It will require increased support to current exporters. It also offers an opportunity for the province to work closely with the federal government and to make more effective use of the federal infrastructure in other countries, such as Canada's network of embassies. Export development, in fact, lends itself to numerous opportunities to develop partnerships to the benefit of all parties.

Nova Scotia has been slowly developing a growing and distinct international presence. Our goods and services are gradually being sold in larger and more widespread markets.

Nova Scotia Economic Development proposes accelerating export growth. It intends to do so with creative programs in support of export activity, through improved marketing and by further developing "Brand Nova Scotia" to encourage quality in our goods and services. Brand recognition, an important

concept in the global business environment, encourages uniqueness and high quality — the best competitive advantages we can have.

Nova Scotia Economic Development also proposes developing a "Buy Nova Scotia" initiative to encourage Nova Scotians to look at our own products first and to encourage import substitution. Local purchasing can only benefit local employment. Quality will be emphasized in this initiative, too, for consumers cannot be expected to buy inferior goods simply because they are made in Nova Scotia.

How can we best develop a strong brand image for the province and its products so that it becomes an effective tool for attracting investment, selling abroad, and attracting people to the province?

Success Story

Intertape Polymer
Investing in plastics and productivity

The old call to "invest in plastics" takes on more personal meaning for hundreds of Colchester County workers.

Intertape Polymer's Truro plant recently gained a competitive edge after investing $16.6 million to expand its capacity and technical capability. The expansion included a $2.4-million building addition, $12.7 million in equipment, and another $1.5 million in process modifications. The project began in 1998 after the company chose the Nova Scotia location over 11 other facilities worldwide.

Richard Gerrior, operations manager of Intertape Polymer in Truro, says the extra 4300 square metres and the new technology allow the company to increase its product line, improve productivity, and enhance product quality.

The expanded plant enables staff to further develop alternatives to vinyl products now used in awnings, tarpaulins, and billboard signs — and to pursue new markets and boost Nova Scotia's exports. Ninety per cent of Intertape's products are sold outside the province.

Intertape Polymer was established in 1968 and currently employs more than 400 Nova Scotians.

How can we best package those elements that make Nova Scotia what one writer has called "The Last Best Place"?

concept in the global business environment, encourages uniqueness and high quality — the best competitive advantages we can have.

Nova Scotia Economic Development also proposes developing a "Buy Nova Scotia" initiative to encourage Nova Scotians to look at our own products first and to encourage import substitution. Local purchasing can only benefit local employment. Quality will be emphasized in this initiative, too, for consumers cannot be expected to buy inferior goods simply because they are made in Nova Scotia.

How can we best develop a strong brand image for the province and its products so that it becomes an effective tool for attracting investment, selling abroad, and attracting people to the province?

How can we best package those elements that make Nova Scotia what one writer has called "The Last Best Place"?

Success Story

Intertape Polymer
Investing in plastics and productivity

The old call to "invest in plastics" takes on more personal meaning for hundreds of Colchester County workers.

Intertape Polymer's Truro plant recently gained a competitive edge after investing $16.6 million to expand its capacity and technical capability. The expansion included a $2.4-million building addition, $12.7 million in equipment, and another $1.5 million in process modifications. The project began in 1998 after the company chose the Nova Scotia location over 11 other facilities worldwide.

Richard Gerrior, operations manager of Intertape Polymer in Truro, says the extra 4300 square metres and the new technology allow the company to increase its product line, improve productivity, and enhance product quality.

The expanded plant enables staff to further develop alternatives to vinyl products now used in awnings, tarpaulins, and billboard signs — and to pursue new markets and boost Nova Scotia's exports. Ninety per cent of Intertape's products are sold outside the province.

Intertape Polymer was established in 1968 and currently employs more than 400 Nova Scotians.

If we are to attract and retain investment, how can we make it an objective, professional process?

Investment development

In a modern economy, companies must invest to improve productivity and competitiveness. The government of Nova Scotia can play a supporting role by creating and maintaining an investment environment conducive to expanding firms. This means, among other things, focus on reducing the deficit and the cost of government, ensuring that the right labour skills are being developed, and identifying partnership opportunities.

In which areas can government get the best return on investment? How do we protect our investments?

Any robust open economy also requires a healthy share of foreign direct investment. Foreign investment sustains a large share of Canadian and Nova Scotian exports. Such investment also brings important management expertise, high levels of new technology adoption, and high levels of investment in human resources. Foreign direct investment, by its nature, is export oriented. Companies at home and abroad need to be aware of why it makes good business sense to invest in Nova Scotia.

What tools should government use to attract and foster both internal and external investment? Are results is these areas being properly measured or reported?

The government recognizes that a balanced growth strategy must include a mix of locally sourced investment and foreign direct investment.

Nova Scotia has important advantages in attracting investment. These include our highly educated work force, extensive post-secondary education facilities, our quality of life, the geographic advantage of being situated on the Great Circle trading routes, and our inventive and creative people. The government of Nova Scotia wants to improve the marketing of the Nova Scotia advantage and to increase investment in the province.

Infrastructure

Physical infrastructure — ports, airports, roads, and rail — is a vital factor in Nova Scotia's ability to compete internationally. More fundamentally, it is an essential and defining quality of any economy. If you have good roads, rail, airports, and ocean terminals, you can get your goods to market efficiently and, you hope, faster and cheaper than the competition.

As the economy shifts toward information services and cheaper energy technologies, strategic infrastructure and investments will increasingly include high-capacity fibre-optic cabling, telecommunications networks, pipelines, and alternative energy systems.

Vibrant economies will stand out as those that have kept pace with the physical necessities of doing trade and commerce globally, and where the urban and rural landscapes are seen as diverse and prosperous. This vision takes massive investment, and for a small province, it is a daunting challenge. Much of our infrastructure is overdue for renewal and replacement.

Is Nova Scotia taking full advantage of its regional and international gateway for trade and commerce? Is this a compelling and key basis for renewing and building our economy?

Success Story

Secunda Marine Services
The right vessel for the job

There's no big secret to Secunda Marine Services Ltd.'s dramatic success in the past two decades. Its growth is the stuff of Business 101: meet the needs of your customers.

Dartmouth-based Secunda prides itself on maintaining a well-rounded fleet that is responsive to the changing requirements of the international marine marketplace. "With the in-house capability to redesign and refit vessels, the company aims to provide the right vessels for our clients' projects," says Secunda president and CEO Fred Smithers.

Its work includes general marine transportation for traditional or specialized cargoes, offshore oil exploration and development, ocean towing and salvage, marine construction, and scientific expeditions. It has provided tug and barge services, established a general cargo liner service between Nova Scotia and the Caribbean, and entered the international cable-laying and repair industry. It has worked for most of the major oil companies, offshore contractors, and diving companies worldwide.

Secunda was founded in 1982, the product of frontier exploration off the East Coast. From a one-vessel company, it now owns and operates a diversified fleet of 18 ships around the world, employs upward of 500 people, and maintains offices in Nova Scotia, Newfoundland, and Barbados — ensuring its dominant position on the East Coast of Canada and success in the international marketplace.

We know Nova Scotia alone can't respond to all physical and strategic infrastructure needs and we know we can't pursue our priorities alone — how do we bring the private sector to our infrastructure table, and how do we re-engage the federal government in our partnerships?

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The ports of Halifax, Strait of Canso, and Sydney, in particular, are crucial to future economic growth. Nova Scotia Economic Development recommends immediate attention be given to developing the Port of Halifax for post-Panamax container traffic, and that a project team be created to include representatives of the department and other provincial partners, federal partners, Halifax Regional Municipality, and the Halifax Port Authority. This is but one key example of the team process necessary for the renewal of our economic infrastructure.

Innovation, business climate, labour market, export development and marketing, investment development, and infrastructure — these are the six strategic directions proposed by Nova Scotia Economic Development in the formation of an economic growth strategy. They do not exist in isolation, but instead interact in varying degrees and affect all aspects of Nova Scotia's economic health.

PERFORMANCE MEASURES

Once the journey is begun, our progress must be tracked. And while economic indicators cannot quantify the laughter of our children or the satisfaction of a good day's work, they remain the best means we have of determining whether we are succeeding. Of the almost limitless number of indicators available, Nova Scotia Economic Development proposes the following be among those used to measure our economic progress:

What are appropriate benchmarks? What are achievable, realistic objectives?

Strategic Direction	Measures
Innovation	• rates of technology adoption • levels of research and development spending • rates of productivity, commercialization, and venture capital
Business climate	• corporate tax rates, personal tax rates, comparative tax burden • level of regulations (reduced in co-operation with Red Tape Commissioner) • levels and rates of small business development and entrepreneurship • growth in instruments that support capital formation
Labour market	• levels of training in workplaces and educational institutions specific to industries • rates of unemployment and skill shortages, including regional rates • rates of outmigration and immigration of skilled people • levels of earned and disposable income
Export development/ marketing	• levels of exports (to match Canadian average) • growth in diversity of exports • development of Brand Nova Scotia and Buy Nova Scotia
Investment development	• levels of foreign direct investment • investment in community economic development funds
Infrastructure	• identification and completion of key projects • development of the Port of Halifax • level of federal infrastructure support

THE ROLE OF GOVERNMENT

The complex structure we call the economy has many building blocks. In most cases, it is business that is most effective in placing these blocks. Government, through creative partnerships, by fostering the right business climate, and by developing a trained labour force, can be the mortar that holds the blocks together. An effective economic strategy for the government of Nova Scotia must create the right kind of partnerships with business and communities, and then put in place the elements necessary to accomplish what is required.

Today, competitive advantage belongs to those entrepreneurial firms best able to respond rapidly to new opportunities. This is the economic dynamic in which government finds itself and in which it must redefine its role. No longer does government "do" economic development. Rather, it must lead the way in ensuring the right circumstances for the private sector to flourish, to the benefit of Nova Scotian workers.

This entails a new role for government focused on two prime aspects: creating a business-friendly policy and regulatory environment and preparing a highly skilled and flexible work force. The strategic directions outlined in this discussion paper further these aspects.

The new role for government also involves promoting partnership development as fundamental supports of the strategic directions. Building capacity in our communities is necessary if we are to arrive at a balanced prosperity across the province. And government must create alliances — with communities, the private sector, and other governments — as among the most productive approaches to support economic growth.

Beyond this, it is a case of government "getting out of the way" and allowing the private sector to create the economic wealth and opportunities that benefit the citizens of Nova Scotia.

THE NEXT STEP

With social spending consuming an ever-larger share of overall public-sector spending, growing the revenue side becomes a strong imperative for government. To do so effectively will require adjustments in our traditional approach to economic growth and a more strategic approach to creating a framework that balances our public needs with those of business.

Any economic growth strategy developed today, however, must be flexible and responsive simply because the world is changing so swiftly and the shelf life of new knowledge is so short.

This discussion paper, through the vision, principles, critical success factors, and strategic directions presented, acknowledges this reality. It does so by embracing globalization and addressing the demands of the new economy. It recognizes the external factors that affect activities and develops realistic expectations in line with resources. It builds on Nova Scotian strengths. It focuses on removing impediments to growth.

To do any less would be to start the journey burdened with the baggage of old ideas and outdated ways. And it is time, Nova Scotians have told us, to cast these aside and set out afresh on the road to prosperity.

Nova Scotia Economic Development commits to holding round-tables across the province following release of this discussion paper, and based on the input of participants at these sessions and feedback from the public, it intends to immediately complete an economic growth framework and develop a strategic plan for its implementation. The target date for finalizing the strategy is September 2000.